
How to Read the Budget and Financial Plan

The FY 2005 Proposed Budget and Financial Plan serves as a communication tool for policy priorities, agency operations, program/organizational structures, and performance measures. More important, the budget book is a financial plan that shows sources of revenue and how the money was spent. It forecasts economic and financial conditions, current and planned long-term debt financing, policy decisions, and other important financial information to operate the District's government. These elements are essential for accurate financial reporting and sound management of public resources.

How to Read the Budget and Financial Plan describes the sections of this budget volume that define the budget priorities for the District. These sections are consistent with the National Advisory Council on State and Local Budgeting Recommended Budget Practices that call for a presentation of information that provides the reader with a guide to government programs and organizational structure. Additionally, these sections are consistent with the Government Finance Officers Association's standards for the Distinguished Budget Presentation Award, which the District received in December 2003.

The FY 2005 Budget and Financial Plan volume has three sections:

Special Chapters – These provide general budget and financial information, including financial plans, revenues, expenditures and other budget related initiatives of the District that inform the reader, at a high level, on the state of the District's finances.

Agency Chapters – These are the budgets for all the District's agencies by appropriation title. Appropriation titles categorize the general areas

of services provided by the District on behalf of its citizens and are listed in the Table of Contents. Examples are Public Safety and Justice and Economic Development and Regulation.

Appendices – These are documents that provide more information about the District's budgetary or financial management policies. In addition, additional information is provided here that enacts the District's budget.

Note: In some cases, financial information, including FTE information, will not sum to totals due to rounding.

Special Chapters

Introduction: FY 2005 Proposed Budget and Financial Plan

This is a narrative and graphic summary of the budget and financial plan. It describes the FY 2005 budget development process and the sources and uses of public funds. It also explains beginning and ending fund balances, and provides an overview of key priorities for FY 2005.

Strategic Budgeting

This chapter describes the initiatives that the District is undertaking to improve budgeting and management of resources. It includes a description of the District's continued efforts and progress in Performance-Based Budgeting (PBB), which is the District's initiative to align resources with results, benchmarking, performance measurement, strategic business planning, and service level budgeting. In the FY 2005 proposed budget, 59 agency budgets are presented as PBB agencies. PBB will greatly improve the District's ability to make policy and funding decisions based on anticipated results and improve the District's ability to hold program managers accountable for achieving results. In addition, this chapter describes the development of ARGUS, the new budgeting component of the District's Administrative Systems Modernization Program (ASMP).

Financial Plan

This Financial Plan summarizes planned revenues and expenditures for FY 2005-2010. This chapter includes financing sources and uses and assumptions applied to derive the short-term and long-term economic outlook. It also includes an assessment of the impact of budgetary decisions on the financial health of the District.

Revenue

This chapter shows current revenue projections certified by the Office of the Chief Financial Officer (OCFO). It also addresses District's revenue sources, its economy, and the outlook for revenue through FY 2006.

Operating Expenditures

This chapter describes the District's recent local expenditures and future projections. It includes analysis of expenditures between FY 1999 and 2003, both by agency and by expense category such as personnel, supplies, or fixed costs. Finally, it discusses expenditure projections for FY 2006 through 2008, based on the proposed FY 2005 budget, as presented in the financial plan.

Medicaid

It provides an overview of the District's Medicaid program including, services provided, expenditures, and benchmarks to surrounding jurisdictions.

Agency Budget Chapters

Agency chapters illustrate available resources, what the resources are spent on, and the outcomes achieved and anticipated as a result of these expenditures. Chapters are grouped by appropriation title and contain the following sections:

Header Information

- Agency name and budget code
- Website address
- FY 2005 proposed operating budget table

Introduction

- Agency mission
- Strategic result goals

Financial and Program Information (includes Full-time Equivalent employment levels)

- Funding by Source
- Expenditure by Comptroller Source Group
- Expenditure by Program (PBB agencies)
 - Program Structure chart
 - Comparison between FY 2004 and FY 2005
 - Program and activity descriptions
 - Program budget summary
 - Program FTE levels
 - Key initiatives in agency (if available)
 - Key result measures aligned with Citywide Priority Areas
- Expenditure (non-PBB agencies)
 - Budget summary
 - Organization chart
 - Program descriptions
 - Key initiatives in agency (if available)
 - Agency goals and performance measures

Changes from the previous year include:

- Continued rolling implementation of Performance-Based Budgeting means that the year of implementation will affect the

amount of performance information presented for an agency. Both actual performance results (where available) and future year targets are provided. Please keep in mind the following:

- Non-PBB agencies - Performance data for FY 2002 through 2006.
- PBB Phase I agencies - Performance data for FY 2004 through 2006.
- PBB Phase II agencies - Performance data for FY 2004 through 2006. (Note: D.C. Public Schools, a Phase II agency, will show data from FY 2003 through 2006).
- PBB Phase III agencies - Performance data for FY 2005 and 2006.
- Each performance measure will have one of the following notations:
 - N/A - Measure did not exist for that year
 - Number - Measure did exist and data is available for that year
 - Dash - Measure did exist for that year, but no data is available.
- The new Agency Financial Operations program will include the cost of OCFO personnel and the cost of OCFO NPS contracts in certain PBB agencies. There are no performance measures associated with this program within individual agencies.
- A new Comptroller Object - 310 and Comptroller Source Group - 0035 for occupancy fixed costs. This expenditure was included in the rent category in prior years.
- For certain agencies within the Public Safety and Justice and Government Operations appropriation titles, budget information at the service level is provided in the Special Studies volume.

The remaining sections are the same as previous years, updated in content, to continue the emphasis on program-based financial information and to match the new fiscal reality facing the District. These sections include:

- **An introductory section** (presented on the first page of each narrative). This includes a chart showing operating budget funding, the agency's mission statement and strategic goals.
- **A Funding by Source chart.** This shows the sources of funding -- Federal, Local, Private, and Special Purpose Revenue funds.
- **An Expenditures section.** This section includes expenditure data by programs (for PBB agencies only) or by fund (for non-PBB agencies) and a funding narrative that describes overall budget and FTE variances from the prior year and other significant changes at the program, activity or object class level.

To help the reader navigate, an example of an agency narrative, in this case the Department of Public Works, follows. This example follows the PBB format. Callout boxes highlight the features discussed above.

Agency budget code

(KT0)

Department of Public Works

Agency name

www.dpw.dc.gov

Agency Website address

FTE actuals are the number of Full Time Equivalent positions paid during the last full pay period of FY 2003.

FY 2003 Actual	FY 2004 Approved	FY 2005 Proposed	% Change from FY 2004
\$105,006,594	\$107,106,184	\$100,797,244	5.9
1,102	1,267	1,336	5.4

The mission of the Department of Public Works is to provide sanitation, parking enforcement, fleet maintenance, and related services to residents, visitors, and businesses to ensure safe, clean, and vibrant neighborhoods.

This describes the agency's mission and purpose.

This shows the agency's FY 2004 approved budget, the FY 2005 proposed budget and the variance from FY 2004 to FY 2005. This includes the agency's operating budget and FTEs.

The agency plans to fulfill its mission by achieving the following strategic result goals:

- Ensure the cleanliness of the District's gateway corridors, high-visibility commercial areas, residential neighborhoods and industrial zones.
 - By FY 2005, 90.0 percent of the District's gateways, commercial and residential areas will be rated clean or moderately clean on the Office of the Clean City Coordinator's Environmental rating scale.
- Scheduled services will be delivered in a timely and reliable manner.
 - By FY 2004, 100.0 percent of DPW core services will have published schedules or service delivery expectations.
 - By FY 2005, 95.0 percent of DPW services will be delivered within established time frames.
- DPW will establish training and incentive programs to attract and retain a highly

- By FY 2005, 95.0 percent of DPW staff will have attended at least one training program during the fiscal year.
- By FY 2005, DPW will increase its multilingual personnel by 10.0 percent each year.
- DPW will develop integrated information systems to support business operations.
 - By FY 2005, 100.0 percent of DPW activities will have long-range information systems plans.
- Mission critical equipment will be available for core services.
 - By FY 2005, 95.0 percent of DPW's mission critical equipment will be on an industry standard model.
 - By FY 2005, 80.0 percent of DPW equipment and vehicles will have regular preventive maintenance schedules.
 - By FY 2005, 98.0 percent of DPW mission critical equipment will be available on a daily basis.

How the agency plans to accomplish its mission within two to three years.

Funding by Source

Tables KT0-1 and 2 show the sources of funding and FTEs by fund type for the Department of Public Works.

Table KT0-1

FY 2004 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

Appropriated Fund	Actual FY 2002	Actual FY 2003	Approved FY 2004			
Local Fund	0	82,134	91,490			
Special Purpose Revenue Fund	0	6,002	2,219			
Total for General Fund	0	88,136	93,709	86,280	-7,429	-7.9
Federal Payments	0	1,266	0	0	0	0.0
Total for Federal Resources	0	1,266				
Intra-District Fund	0	15,605				
Total for Intra-District Funds	0	15,605				
Total Proposed	0	105,007				

Private Funds (not shown in this agency)

Describes funding associated with private donations and grants that are retained by the agency.

Federal Funds (not shown in this agency)

Identifies funding (usually in the form of grants) provided by the federal government to support federally mandated programs, such as Medicaid. These funds are earmarked for a specific purpose or program and cannot be reallocated to other programs.

Presents the agency's total operating budget from each funding source (from Local revenue, Federal and Private grants, Special Purpose Revenue, and Intra-District sources). Shown is comparison of the FY 2002 actual, FY 2003 actual, FY 2004 approved, and FY 2005 proposed budgets.

Employment Levels

	Actual 2002	Actual FY 2003	Approved FY 2004	Proposed FY 2005	Change from FY 2004	Percent Change
	0	984	1,124	1,211	87	7.7
Special Purpose Revenue Fund	0	22	23	8	-15	-65.2
Total for General Fund	0	1,006	1,147	1,219	72	6.3
Intra-District Funds						
Intra-District Fund	0	96	120	117	-3	-2.5
Total for Intra-District Funds	0	96	120	117	-3	-2.5
Total Proposed FTEs	0	1,102	1,267	1,336	69	5.4

This lists the agency's FTEs for two prior years, the current year, and upcoming fiscal year by fund type.

Expenditures by Comptroller Source Group

Table KT0-3 shows the FY 2005 proposed budget for the agency at the Comptroller Source Group level (Object Class level).

Table KT0-3

FY 2004 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

Comptroller Source Group	Actual FY 2003	Actual FY 2004	Approved FY 2004	Proposed FY 2005	Change from FY 2004	Percent Change
11 Regular Pay - Cont Full Time	0	38,477	38,840	48,124	11,284	30.6
12 Regular Pay - Other	0	1,920	6,601	235	-6,366	-96.5
13 Additional Gross Pay	0	900	847	1,246	400	47.2
14 Fringe Benefits - Cur Personnel	0	8,374	8,928	9,197	2,629	40.0
15 Overtime Pay	0	3,990	1,886	2,959	1,073	56.9
Subtotal Personal Services (PS)	0	53,677	52,771	61,761	8,990	17.0
20 Supplies And Materials	0	2,859	3,827	3,131	-696	-18.2
30 Energy, Comm. And Bldg Rentals	0	6,353	6,677	6,666	-111	-1.7
31 Telephone, Telegraph, Telegram, Etc	0	0	0	0	0	0.0
32 Rentals - Land And Structures	0	2,997	0	0	-2,997	-100.0
33 Janitorial Services	0	278	0	0	-278	-100.0
34 Security Services	0	2,729	0	0	-2,729	-100.0
35 Occupancy Fixed Costs	0	0	0	0	0	0.0
40 Other Services And Charges	0	8,005	8,004	6,918	-1,086	-13.7
41 Contractual Services - Other	0	16,879	17,000	14,401	-2,619	-15.4
70 Equipment & Equipment Rental	0	2,586	3,801	3,101	-700	-11.4
80 Debt Service	0	8,036	11,796	0	-11,796	-100.0
Subtotal Nonpersonal Services (NPS)	0	51,330	54,701	38,616	-16,085	-29.4
Total Proposed Operating Budget	0	105,007	107,472	100,377	-7,105	-6.6

Lists the agency's expenditures for FY 2003 actual, FY 2004 approved, and FY 2005 proposed at the Comptroller Source Group level.

Local Funds

Describes Local dollars or general fund dollars associated with the agency and the FTEs supported by the fund. Local dollars consist of tax and nontax revenues that are not earmarked for particular purposes and are allocated to fund District programs.

General Funds

Local Funds. The proposed budget is \$83,487,062, representing a change of 8.7 percent from the FY 2004 budget of \$91,490,192. There are 1,211.0 FTEs for this fund, an increase of 87.0 from FY 2004.

Special Purpose Revenue Funds. The proposed budget is \$2,793,000 representing a change of 25.9 percent from the FY 2004 budget of \$2,219,085. There are 8.0 FTEs for this fund, a decrease of 15.0 from FY 2004.

- vice delivery workloads will have been improved within the past three years.
- DPW programs will contribute to the city-wide environmental agenda.
 - By FY 2004, 100.0 percent of DPW facilities will participate in the government building recycling program.

Special Purpose Revenue Funds
Discusses funding for associated charges for services that are retained by the agency to cover the cost of the service provided, such as refuse collection fees.

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2004 Gross Funds budget of \$107,106,184.

Program chart

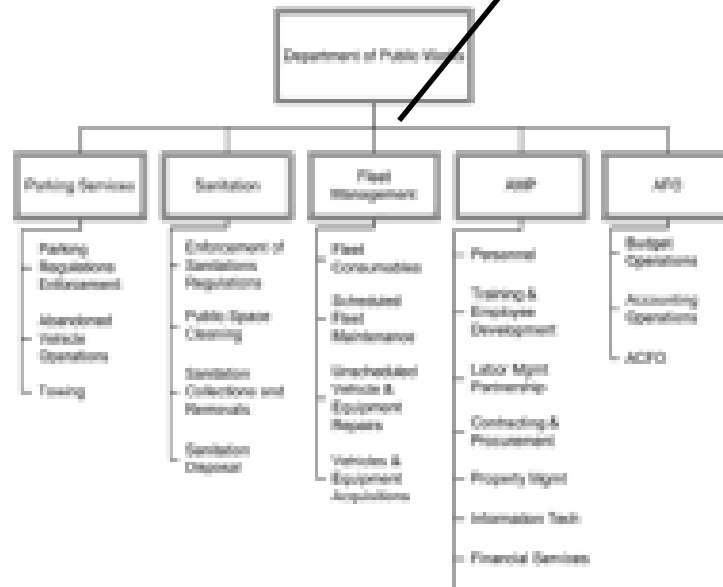
Displays the structure of the agency and shows names of the program areas within the agency. Each agency has at least one program area (an organization chart is provided for non-PBB agencies).

Expenditure by Program

This funding is budgeted by program and the Department of Public Works.

Figure KTB-1

Department of Public Works



Intra-District Funds

Depicts funding for services provided by one District agency to another.

Programs (PBB Agencies)

Shows the agency's program gross funding and full-time equivalent (FTE) positions, and a brief description of the program and significant activities and services.

Intra- District Funds

The proposed budget is \$14,517,182, representing a change of 8.4 percent from the FY 2004 budget of \$13,396,907. There are 117.0 FTEs for this fund, no change from FY 2004.

Programs

The Department of Public Works is committed to the following programs:

Sanitation Services

	FY 2004	FY 2005
Budget	\$4,758,151	49,185,576
FTEs	662.0	662.0

Program Description

The Sanitation Services program manages the collection and disposal of trash and recycling. The program is responsible for the collection and disposal of trash and recycling, and for the maintenance of the trash and recycling facilities. The program also manages the collection and disposal of hazardous waste.

This provides an overall budgeted funding level and number of approved full-time equivalent employees (FTEs) for FY 2004 to FY 2005 for specific programs (PBB only).

400 miles of alleys within the District of Columbia. A full array of solid waste and recycling services are provided through the following four activities:

- **Enforcement of Sanitation Regulations** - provides inspection and enforcement services for residents, visitors, and businesses so they can enjoy a safe and clean environment, free from illegally discarded trash and debris.
- **Public Space Cleaning** - provides comprehensive street and alley cleaning services for residents, visitors, and businesses so they can live, work, and play in clean neighborhoods.
- **Sanitation Collections & Removals** - provides solid waste collection services for residents of single-family homes so they can have their trash and recyclables collected conveniently and conveniently.
- **Sanitation Disposal** - provides waste disposal services so that DPW and other D residents can unload and dispose of their trash conveniently, and legally.

Program Budget Summary

This program has a gross funds increase of \$2,427,419 or 5.2 percent over the FY 2004 approved budget of \$46,758,151. The gross budget supports 691 FTEs, an increase of 29 from the FY 2004 approved level. Changes from the FY 2004 approved budget include:

- Increase in PS costs due to pay raise adjustments.
- Shift of NPS funding from other programs to PS to fund overtime costs, which is historically under funded.
- An increase of \$1,119,935 in personal services and net increase of 29 FTEs to bring the recycling program in-house.

Key initiatives associated with the Sanitation Services program in FY 2005 are:

- Contract-in the residential recycling program serving the District's outer ring using single stream technology to increase the diversion rate.
- Complete renovation to the Fort Totten and Benning Road transfer stations to restore these facilities to their intended throughput

capacity;

- Develop in-house capacity to remove graffiti from public space within 72 hours of the report of the incident.

Key Result Measures

Program 1: Sanitation Services

Citywide Strategic Priority Area(s): Making Government Work

Manager(s): Tom Henderson, Solid Waste Administrator

Supervisor(s): Leslie Houding, DPW Agency Director

Measure 1.1: Percent of D.C. gateways, commercial and residential areas rated "clean" and "moderately clean"

	Fiscal Year			
	2003	2004	2005	2006
Target	85	85	85	85
Actual	-	-	-	-

Note: FY 2005 target reduced to 85 from 88 at request of the

Measure 1.2: Percent of trash collection during scheduled hours

	Fiscal Year			
	2003	2004	2005	2006
Target	94	97	97	97
Actual	95.1	-	-	-

Measure 1.3: Percent of bulk pick-ups collected within 10 days of customer's request

	Fiscal Year			
	2003	2004	2005	2006
Target	97	97	97	97
Actual	94.5	-	-	-

Measure 1.4: Percent of waste transferred within the same business day

	Fiscal Year			
	2003	2004	2005	2006
Target	95	95	95	98
Actual	91.3	-	-	-

Note: FY 2005 target reduced to 95 from 98 at request of agency (1/18/04).

Measure 1.5: Percent of sanitation enforcement requests investigated within five business days

	Fiscal Year			
	2003	2004	2005	2006
Target	80	80	85	90
Actual	90.5	-	-	-

Program Budget Summary

Shows program changes by fund and highlights major cost drivers at the activity level.
(Expenditures by fund and object class provided for non-PBB agencies).

Measure 4.3: Cost of Risk

	Fiscal Year			
	2003	2004	2005	2006
Target	-	-	-	-
Actual	N/A	-	-	-

Note: This measure replaces "Percent reduction of employee/retiree-workday injury costs." Cost-of-Risk will be a comprehensive measure of a wide range of risks confronting each agency, including but not limited to safety issues, financial risks, and potential litigation. Agencies will establish a baseline in FY 2004 (FY 2005 for PSB/IT agencies) and will seek to achieve reductions in the Cost-of-Risk in subsequent years. Lost workdays due to injuries will be one of many components of the Cost-of-Risk formula (1/9/04).

Measure 4.4: Rating of 4-5 on all four telephone service quality criteria: 1) Courtesy, 2) Knowledge, 3) Etiquette and 4) Overall Impression

	Fiscal Year			
	2003	2004	2005	2006
Target	-	-	-	-
Actual	N/A	-	-	-

Measure 4.5: Percent of Key Result Measures achieved

	Fiscal Year			
	2003	2004	2005	2006
Target	70	70	70	70
Actual	54	-	-	-

Measure 4.6: Percent of OPW personnel attending at least one training program during the fiscal year

	Fiscal Year			
	2003	2004	2005	2006
Target	90	90	90	90
Actual	89	-	-	-

Agency Financial Operations

	FY 2004	FY 2005
Budget	\$17,054,889	\$2,950,859
FTEs	11.0	43.0

Note: FY 2004 program funding levels are presented for comparison purposes only. The Agency Financial Operations program did not exist for FY 2004 as it is new for PSB agencies in FY 2005.

Program Description

The Agency Financial Operations program provides financial services, formulates policies and procedures, and leads the integration of financial and service delivery planning and support. The program strives to achieve this integration by processing payments in a timely manner, providing accurate forecasting of expenditures and revenues, and proceeding with timely and accurate reconciliation of financial challenges and customer inquiries. This program consists of the following activities:

lowing activities:

- **Financial Services** - provides financial services, formulates policies and procedures, and leads the integration of financial and service delivery planning and support.

Program Budget Summary

This program has a Local funds decrease of \$14,478,275, or 85.0 percent from the FY 2004 approved budget of \$17,054,889. This change is due primarily to the removal of \$11,795,475 in debt service costs, which will be centrally budgeted in the Office of Finance and Treasury in FY 2005. Additionally, fixed costs totaling \$2,746,759 move into the Agency Management Program. The gross budget supports 37.0 FTEs, no change from the FY 2004 approved level.

Key initiatives associated with the Agency Financial Operations program in FY 2005 are:

- Establish a collaborative program and financial partnership that results in a fixed asset inventory and a method for accurately reporting property acquisition and disposition.
- Publish comprehensive quarterly and annual

Agency Financial Operations Program
Identifies the costs associated with all positions that report to the Chief Financial Officer for the District of Columbia.

PSB in the FY 2005 Operating Appendices volumes.